



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-276165

March 11, 1997

Mr. James E. Reid
Deputy Controller
Department of Energy

Subject: Employee Travel Claims: Supervisory Approval of Vouchers

Dear Mr. Reid:

This letter responds to your request for our interpretation of the requirement for certain supervisory/administrative approvals when processing vouchers for payment as set out in Title 7, "Fiscal Guidance," of the GAO Policy and Procedures Manual for Guidance of Federal Agencies. Specifically, you asked if it is permissible to eliminate supervisory approval of staff travel vouchers if alternative controls that provide the same level of assurance are implemented. As described in your letter, the Department of Energy is modifying its existing temporary duty travel (TDY) processing system to streamline operations and reduce costs.¹ Your letter stated that these system modifications would enable Energy to eliminate a number of processes in the current system while enhancing the service to the travelers by shortening the time needed for processing reimbursement. Your staff estimated that the modifications to streamline the system would result in about \$213,500² annual savings or cost avoidance. We support initiatives to create a government that works better and costs less. At

¹The Joint Financial Management Improvement Program (JFMIP) established an interagency team in 1994 to address travel reengineering. The obstacles, suggested improvements, and specific recommendations for TDY and relocation travel are documented in JFMIP's Improving Travel Management in Government, December 1995.

²Your staff emphasized that this estimate is provided as a basis for making an initial determination to implement system modifications and is based on certain assumptions believed to be valid at the time of the estimate.

the same time, we believe that agencies have the responsibility to protect the government's interest.

To supplement the information in your letter, we contacted your staff to discuss your question in more detail. Since we did not test your current system, our response only addresses your question conceptually.

As we have previously reported,³ supervisory approval of staff travel vouchers can be eliminated if (1) there are effective compensating controls to determine the reasonableness of travel claims and that the travel actually occurred and (2) there is an effective review procedure to determine that the controls in the travel claim processing system are working as intended. Based on our understanding of your proposal, we believe that you have adequately addressed these two conditions. Therefore, we have no objection to its implementation. Our assessment of your proposal is discussed in detail in the following sections.

ENERGY'S PROPOSAL

Presently, Energy's travel claims are processed at 3 Financial Service Centers, which support 16 satellite offices where employees who travel are stationed. Each service center is assigned a number of satellite offices to serve. As your letter stated, Energy's employee travel system is automated. The process begins with a travel authorization being approved by a supervisor or equivalent official. Once approved, but prior to travel, the authorization information is entered into the automated system.

As explained by your staff, after a trip, a traveler would electronically input data onto a voucher for testing within the automated system. Your staff stated that your office is currently designing a process that would compare amounts claimed to related amounts authorized. If amounts claimed in any category exceed authorized levels, the system, as designed, would suspend processing the voucher until either (1) the original travel authorization is amended as appropriate, approved by a supervisor, and reentered into the automated system or (2) the claim is reduced. Your staff said that supporting documentation, such as paid hotel bills, would be kept by the traveler for the proper retention period.⁴

³Employee Travel Claims (EPA) (GAO/AIMD-96-124R, July 2, 1996).

⁴The retention period and storage procedures would follow the requirements in Title 8, "Records Retention," of GAO's Policy and Procedures Manual.

Your staff stated that if the amounts claimed on the voucher do not exceed the authorization, the system would perform numerous edit routines comparing the amounts on the voucher against travel regulations (such as per diem limits for travel to certain cities) to help ensure that each voucher is valid (proper, legal, accurate, and correct). If any regulation is not followed, the system would suspend processing the voucher until the amounts in question are properly approved or adjusted.⁵

Your staff also explained that a traveler would be required to use a government issued credit card when paying for transportation tickets and would be encouraged to use their cards when paying for hotel and car rental charges. The credit card company would forward electronic information on all credit card purchases to Energy's service centers. Energy's automated system would compare each travel voucher with the related charges reported on the government issued credit card. When credit card charges for tickets, hotel, and/or car rental do not substantiate that travel occurred to the location planned, the traveler would be requested to forward receipts and related documents to the service center for verification.⁶ If the traveler cannot substantiate that he or she was at the designated location, the applicable claims would be disallowed.

Your staff explained that once the travel vouchers are fully processed and the travelers paid, a statistical sample of the universe of all vouchers processed would be selected for testing to ensure that the system is working as intended, the claims are adequately supported and valid, and the travel actually occurred. The sampling plan would follow the requirements of Title 7, with samples being selected at the service centers. Travelers whose vouchers are selected would be asked to forward the supporting receipts and documentation to their service

⁵Energy's staff stated that the amounts in question are those claimed that exceed limits set by regulation. These amounts are adjusted by (1) reduction so that they fall within the limits or (2) by special approval allowed by regulation.

⁶Energy's staff stated that during the first 1 to 3 months the system is operational, statistics will be obtained on the frequency and materiality of claims for which credit card billings do not substantiate that the authorized travel occurred. During this period, in all situations where credit card billings do not provide confirmation of travel, the traveler would be required to provide support. After this initial period, based on the analysis of the statistics, Energy may require verification of out of town travel if warranted. As explained by your staff, an example of where verification may not be required is when a traveler uses his or her privately owned vehicle and does not stay overnight.

centers for detailed review and testing.⁷ Any discrepancies would be researched and resolved by staff at the service centers. The results of the sample and the supporting documentation would be retained for the proper retention period as specified in Title 8.

GAO'S ASSESSMENT OF THE PROPOSAL

The supervisor's approval of travel vouchers is usually required as part of a system of controls to help ensure that all claims are valid when certified. Generally, the supervisor's approval of a travel voucher serves two main purposes for the certifying officer: It indicates that the claims on the voucher seem reasonable and verifies that the travel actually occurred. Each of these purposes, along with the need for statistical sampling procedures, is explained in the following sections.

Determining the Reasonableness of Claims

Under your proposal, the automated system performs edit routines comparing amounts claimed to limits set by regulations and by the travel authorization, thereby helping to establish if the claims are valid and reasonable. As your staff explained, if any claim exceeds the regulatory dollar limits, the system would stop processing the voucher until the discrepancy is resolved. Only then would the claim be ready for further processing.

Further, as we understand your proposal, if the automated edits are effective and are verified to operate effectively by a periodic statistical sampling procedure, the "reasonableness" purpose would be satisfied. In our view, such detailed edits and sampling process would provide the same assurance for a "reasonableness" verification by the supervisor.

Verifying That the Travel Actually Took Place

Verifying that the travel actually took place would be achieved under your proposal when the automated system electronically compares amounts from two

⁷Your staff stated that employees know that they may be required to forward receipts and supporting documents to their service centers should questions arise about their claims or their vouchers be selected in a sample for review.

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different sources—the traveler's voucher and information electronically provided by the credit card company. Transportation, lodging, or other claims would be compared with credit card charges for tickets, hotel bills, and other purchases as provided Energy from the credit card company. In instances where a claim did not match a credit card hotel charge to provide evidence that the trip occurred, or the traveler did not use the credit card, the traveler would, except in certain situations, be requested to substantiate out-of-town lodging claims by providing to the service center hotel receipts and other documents. Such automated routine as you propose, tested by an effectively implemented statistical sampling process, would provide the same assurances as does the supervisor's verification of the travel.

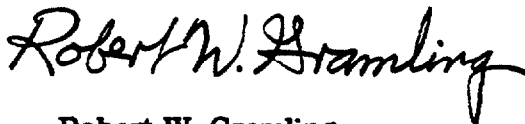
Performing Statistical
Sampling Procedures

Although automated controls provided in the edit routines in your proposal can play a major role in determining the validity of a claim and verifying that out-of-town travel actually occurred, they cannot determine whether the claim is properly documented. Nor can they fully replace the role of a human reviewer. In order to test the automated controls, the statistical sampling you propose will help to further ensure that the claims are properly documented and that the system procedures and controls are operating as intended.

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The contents of this letter were discussed with Ms. Harriet Lankford of your staff. We hope our comments are helpful. If you have any questions or would like to discuss these matters further, please contact me at (202) 512-9406 or Bruce Michelson, Assistant Director, at (202) 512-9366.

Sincerely yours,



Robert W. Gramling
Director, Corporate Audits
and Standards

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